

**Streamlined Sales Tax Governing Board
Section 328 Taxability Matrix
Library of Definitions
(Revised May 7, 2008)**

State: Kentucky
Completed by: Richard Dobson
E-mail address: Richard.Dobson@ky.gov
Phone number: 502-564-5523

Each of the items listed in the chart are defined in the Library of Definitions in the Streamlined Sales and Use Tax Agreement (SSUTA) adopted November 12, 2002 and as amended effective January 1, 2008. Refer to Appendix C of the SSUTA for each definition.

Place an "X" in the appropriate column under the heading "Treatment of definition" to indicate the treatment of each definition in your state. If a product definition was not adopted by your state, enter "NA" in the column under the heading "Reference" and indicate in the "Treatment of definition" columns the treatment of the product in your state. In accordance with the SSUTA, your state must adopt the definitions in the Library of Definitions that apply to your state without qualifications except for those allowed by the SSUTA. For this reason, do not enter any comments or qualifications in the two columns under the heading "Treatment of definition". If your state has adopted a definition in the Library of Definitions with a qualification not specified in the SSUTA, do not place an "X" in either column under the heading "Treatment of definition" but include a comment in the "Reference" column explaining the qualification. Enter the applicable statute/rule cite in the "Reference" column.

Sellers and certified service providers are relieved from tax liability to the member state and its local jurisdictions for having charged and collected the incorrect amount of sales and use tax resulting from the seller or certified service provider relying on erroneous data provided by the member state relative to treatment of the terms defined in the Library of Definitions.

Administrative definitions	Treatment of definition		Reference
	Included in sales price	Excluded from sales price	Statute/Rule Cite
Sales price: Identify how the options listed below are treated in your state. The following options may be excluded from the definition of sales price only if they are separately stated on the bill to the purchaser.			
• Charges by the seller for any services necessary to complete the sale other than delivery and installation	X		KRS 139.050
• Telecommunication nonrecurring charges	X		KRS 139.050, 139.195(29), 139.200
• Installation charges		X	KRS 139.050
• Credit for trade-in		X	KRS 139.050
• Delivery charges: The following options may be excluded from the definition of delivery charges only if they are separately stated on the bill to the purchaser.	Included in sales price	Excluded from sales price	Statute/Rule Cite
• Handling, crating, packing, preparation for mailing or delivery, and similar	X		KRS 139.050

charges			
• Transportation, shipping, postage, and similar charges	X		KRS 139.050
• Delivery charges for direct mail	X		KRS 139.050
Sales Tax Holidays	Yes	No	Statute/Rule Cite
Sales Tax Holidays: Does your state have a sales tax holiday?		X	
Indicate if your state has a sales tax holiday for the following products.			
• Energy star qualified product			N/A
• School supply			N/A
• School art supply			N/A
• School instructional material			N/A
• School computer supply			N/A
• Computers			N/A
• Prewritten computer software			N/A
• Clothing			N/A
Other defined products (please specify)			N/A
•			
•			
Product definitions			
Clothing and related products	Taxable	Exempt	Statute/Rule Cite
Clothing	X		N/A
Fur clothing	X		N/A
Clothing accessories or equipment	X		N/A
Protective equipment	X		N/A
Sport or recreational equipment	X		N/A
Computer related products	Taxable	Exempt	Statute/Rule Cite
Computer	X		N/A
Computer software (both prewritten and non-prewritten)			N/A
Computer software (both prewritten and non-prewritten) delivered electronically			N/A
Computer software (both prewritten and non-prewritten) delivered via load and leave			N/A
Prewritten computer software	X		KRS 139.010
Prewritten computer software delivered electronically	X		N/A
Prewritten computer software delivered via load and leave	X		N/A
Digital Product Definitions	Yes	No	Statute/Rule Cite
Products Transferred Electronically (A state imposing tax on products “transferred electronically” is not required to adopt definitions of specified digital products. Does your state impose tax on products transferred electronically?)	X		N/A
	Taxable	Exempt	Statute/Rule Cite

Specified Digital Products (with rights of permanent use)			N/A
Specified Digital Products (with rights of less than permanent use)			N/A
Specified Digital Products (with rights conditioned on continued payments)			N/A
• Digital Audio Visual Works (with rights for permanent use)			N/A
• Digital Audio Visual Works (with rights of less than permanent use)			N/A
• Digital Audio Visual Works (with rights conditioned on continued payments)			N/A
• Digital Audio Works (with rights for permanent use)			N/A
• Digital Audio Works (with rights of less than permanent use)			N/A
• Digital Audio Works (with rights conditioned on continued payments)			N/A
• Digital Books (with rights for permanent use)			N/A
• Digital Books (with rights of less than permanent use)			N/A
• Digital Books (with rights conditioned on continued payments)			N/A
Section 332H provides states may have product based exemptions for specific items within specified digital products. List product based exemptions for specific items included in specified digital products.	Taxable	Exempt	Statute/Rule Cite
•			N/A
•			N/A
•			N/A
Food and food products	Taxable	Exempt	Statute/Rule Cite
Food and food ingredients excluding alcoholic beverages and tobacco		X	KRS 139.485(2)
Candy	X		KRS 139.485
Dietary Supplements	X		KRS 139.485
Soft Drinks	X		KRS 139.485
Food sold through vending machines	X		KRS 139.485(4)
Prepared Food	X		KRS 139.485(3)(G)
Prepared food options - indicate whether the following options are included or excluded from the definition of prepared food. Options excluded from prepared food are taxed the same as food and food ingredients.	Included in definition	Excluded from definition	Statute/Rule Cite
• Food sold without eating utensils provided by the seller whose primary NAICS classification is manufacturing in sector 311, except subsector 3118 (bakeries)		X	KRS 139.485(3)(H)1
• Food sold without eating utensils provided by the seller in an unheated state by weight or volume as a single item	X		KRS 139.485
• Bakery items sold without eating utensils provided by the seller, including bread, rolls, buns, biscuits, bagels, croissants, pastries, donuts, Danish, cakes, tortes, pies, tarts, muffins, bars, cookies, tortillas		X	KRS 139.485(3)(H)2
Health-care products	Taxable	Exempt	Statute/Rule Cite
Drugs (indicate how the options are treated in your state)			
• Drugs (both human and animal use) without a prescription	X		KRS 139.472

• Drugs (both human and animal use) with a prescription	X		KRS 139.472
• Drugs for human use without a prescription	X		KRS 139.472
• Drugs for human use with a prescription		X	KRS 139.472(1)(A) prescription drugs only
• Insulin (both human and animal use) without a prescription	X		KRS 139.472(1)(D)
• Insulin (both human and animal use) with a prescription	X		KRS 139.472(1)(D)
• Insulin for human use without a prescription		X	KRS 139.472(1)(D)
• Insulin for human use with a prescription		X	KRS 139.472(1)(D)
• Medical oxygen (both human and animal use) without a prescription	X		KRS 139.472(1)(C)
• Medical oxygen (both human and animal use) with a prescription	X		KRS 139.472(1)(C)
• Medical oxygen for human use without a prescription		X	KRS 139.472(1)(C) purchased for home use
• Medical oxygen for human use with a prescription		X	KRS 139.472(1)(C) purchased for home use
• Over-the-counter drugs (both human and animal use) without a prescription	X		KRS 139.472(1)(B)
• Over-the-counter drugs (both human and animal use) with a prescription	X		KRS 139.472(1)(B)
• Over-the-counter drugs for human use without a prescription	X		KRS 139.472(1)(B)
• Over-the-counter drugs for human use with a prescription		X	KRS 139.472(1)(B) effective 8/1/2008
• Grooming and hygiene products (both human and animal use)	X		KRS 139.472(3)(B)
• Grooming and hygiene products for human use	X		KRS 139.472(3)(B)
• Drugs for human use to hospitals and other medical facilities	X		KRS 139.472
• Prescription drugs for human use to hospitals and other medical facilities		X	KRS 139.472(1)(A)
• Drugs for animal use to veterinary hospitals and other animal medical facilities	X		KRS 139.472
• Prescription drugs for animal use to hospitals and other animal medical facilities	X		KRS 139.472
• Taxable and nontaxable drugs bundled together	X		KRS 139.050, 139.215
• Free samples of drugs for human use	X		KRS 139.472(1)(A)
• Free samples of prescription drugs for human use		X	KRS 139.472(1)(A)
• Free samples of drugs for animal use	X		KRS 139.472
• Free samples of prescription drugs for animal use	X		KRS 139.472
Durable medical equipment (indicate how the options are treated in your state)	Taxable	Exempt	Statute/Rule Cite
• Durable medical equipment without a prescription	X		KRS 139.472(3)(G)
• Durable medical equipment with a prescription	X		KRS 139.472(3)(G)
• Durable medical equipment paid for by Medicare		X	KRS 139.470(1) entity- based exemption
• Durable medical equipment reimbursed by Medicare	X		KRS 139.470(1) entity- based exemption only
• Durable medical equipment paid for by Medicaid		X	KRS 139.470(7) entity- based exemption
• Durable medical equipment reimbursed by Medicaid	X		KRS 139.470(7) entity- based exemption only

• Durable medical equipment for home use without a prescription	X		KRS 139.472(3)(G)
• Durable medical equipment for home use with a prescription	X		KRS 139.472(3)(G)
• Durable medical equipment for home use paid for by Medicare		X	KRS 139.470(1) entity-based exemption
• Durable medical equipment for home use reimbursed by Medicare	X		KRS 139.470(1) entity-based exemption only
• Durable medical equipment for home use paid for by Medicaid		X	KRS 139.470(7) entity-based exemption
• Durable medical equipment for home use reimbursed by Medicaid	X		KRS 139.470(7) entity-based exemption only
• Oxygen delivery equipment without a prescription	X		KRS 139.472
• Oxygen delivery equipment with a prescription	X		KRS 139.472
• Oxygen delivery equipment paid for by Medicare		X	KRS 139.470(1) entity-based exemption
• Oxygen delivery equipment reimbursed by Medicare	X		KRS 139.470(1) entity-based exemption only
• Oxygen delivery equipment paid for by Medicaid		X	KRS 139.470(7) entity-based exemption
• Oxygen delivery equipment reimbursed by Medicaid	X		KRS 139.470(7) entity-based exemption only
• Oxygen delivery equipment for home use without a prescription		X	KRS 139.472(1)(C)2
• Oxygen delivery equipment for home use with a prescription		X	KRS 139.472(1)(C)2
• Oxygen delivery equipment for home use paid for by Medicare		X	KRS 139.472(1)(C)2
• Oxygen delivery equipment for home use reimbursed by Medicare		X	KRS 139.472(1)(C)2
• Oxygen delivery equipment for home use paid for by Medicaid		X	KRS 139.472(1)(C)2
• Oxygen delivery equipment for home use reimbursed by Medicaid		X	KRS 139.472(1)(C)2
• Kidney dialysis equipment without a prescription	X		KRS 139.472
• Kidney dialysis equipment with a prescription	X		KRS 139.472
• Kidney dialysis equipment paid for by Medicare		X	KRS 139.470(1) entity-based exemption
• Kidney dialysis equipment reimbursed by Medicare	X		KRS 139.470(1) entity-based exemption only
• Kidney dialysis equipment paid for by Medicaid		X	KRS 139.470(7) entity-based exemption
• Kidney dialysis equipment reimbursed by Medicaid	X		KRS 139.470(7) entity-based exemption only
• Kidney dialysis equipment for home use without a prescription	X		KRS 139.472
• Kidney dialysis equipment for home use with a prescription	X		KRS 139.472
• Kidney dialysis equipment for home use paid for by Medicare		X	KRS 139.470(1) entity-based exemption
• Kidney dialysis equipment for home use reimbursed by Medicare	X		KRS 139.470(1) entity-based exemption only

• Kidney dialysis equipment for home use paid for by Medicaid		X	KRS 139.470(7) entity-based exemption
• Kidney dialysis equipment for home use reimbursed by Medicaid	X		KRS 139.470(7) entity-based exemption only
• Enteral feeding systems without a prescription	X		KRS 139.472
• Enteral feeding systems with a prescription	X		KRS 139.472
• Enteral feeding systems paid for by Medicare		X	KRS 139.470(1) entity-based exemption
• Enteral feeding systems reimbursed by Medicare	X		KRS 139.470(1) entity-based exemption only
• Enteral feeding systems paid for by Medicaid		X	KRS 139.470(7) entity-based exemption
• Enteral feeding systems reimbursed by Medicaid	X		KRS 139.470(7) entity-based exemption only
• Enteral feeding systems for home use without a prescription	X		KRS 139.472
• Enteral feeding systems for home use with a prescription	X		KRS 139.472
• Enteral feeding systems for home use paid for by Medicare		X	KRS 139.470(1) entity-based exemption
• Enteral feeding systems for home use reimbursed by Medicare	X		KRS 139.470(1) entity-based exemption
• Enteral feeding systems for home use paid for by Medicaid		X	KRS 139.470(7) entity-based exemption
• Enteral feeding systems for home use reimbursed by Medicaid	X		KRS 139.470(7) entity-based exemption only
• Repair and replacement parts which are for single patient use	X		KRS 139.472
Mobility enhancing equipment (indicate how the options are treated in your state)	Taxable	Exempt	Statute/Rule Cite
• Mobility enhancing equipment without a prescription	X		KRS 139.472(1)(H)
• Mobility enhancing equipment with a prescription		X	KRS 139.472(1)(H)
• Mobility enhancing equipment paid for by Medicare		X	KRS 139.470(1) entity-based exemption
• Mobility enhancing equipment reimbursed by Medicare	X		KRS 139.470(1) entity-based exemption only
• Mobility enhancing equipment paid for by Medicaid		X	KRS 139.470(7) entity-based exemption
• Mobility enhancing equipment reimbursed by Medicaid	X		KRS 139.470(7) entity-based exemption only
Prosthetic devices (indicate how the options are treated in your state)	Taxable	Exempt	Statute/Rule Cite
• Prosthetic devices without a prescription		X	KRS 139.472
• Prosthetic devices with a prescription		X	KRS 139.472
• Prosthetic devices paid for by Medicare		X	KRS 139.472
• Prosthetic devices reimbursed by Medicare		X	KRS 139.472

• Prosthetic devices paid for by Medicaid		X	KRS 139.472
• Prosthetic devices reimbursed by Medicaid		X	KRS 139.472
• Corrective eyeglasses without a prescription	X		KRS 139.472(3)(E)2
• Corrective eyeglasses with a prescription	X		KRS 139.472(3)(E)2
• Corrective eyeglasses paid for by Medicare		X	KRS 139.470(1) entity-based exemption
• Corrective eyeglasses reimbursed by Medicare	X		KRS 139.470(1) entity-based exemption only
• Corrective eyeglasses paid for by Medicaid		X	KRS 139.470(7) entity-based exemption
• Corrective eyeglasses reimbursed by Medicaid	X		KRS 139.470(7) entity-based exemption only
• Contact lenses without a prescription	X		KRS 139.472(3)(E)2
• Contact lenses with a prescription	X		KRS 139.472(3)(E)2
• Contact lenses paid for by Medicare		X	KRS 139.470(1) entity-based exemption
• Contact lenses reimbursed by Medicare	X		KRS 139.470(1) entity-based exemption only
• Contact lenses paid for by Medicaid		X	KRS 139.470(7) entity-based exemption
• Contact lenses reimbursed by Medicaid	X		KRS 139.470(7) entity-based exemption only
• Hearing aids without a prescription		X	KRS 139.472
• Hearing aids with a prescription		X	KRS 139.472
• Hearing aids paid for by Medicare		X	KRS 139.472
• Hearing aids reimbursed by Medicare		X	KRS 139.472
• Hearing aids paid for by Medicaid		X	KRS 139.472
• Hearing aids reimbursed by Medicaid		X	KRS 139.472
• Dental prosthesis without a prescription	X		KRS 139.472(3)(E)2
• Dental prosthesis with a prescription	X		KRS 139.472(3)(E)2
• Dental prosthesis paid for by Medicare		X	KRS 139.470(1) entity-based exemption
• Dental prosthesis reimbursed by Medicare	X		KRS 139.470(1) entity-based exemption only
• Dental prosthesis paid for by Medicaid		X	KRS 139.470(7) entity-based exemption
• Dental prosthesis reimbursed by Medicaid	X		KRS 139.470(7) entity-based exemption only
Telecommunications & related products	Taxable	Exempt	Statute/Rule Cite
Ancillary Services			
• Conference bridging service	X		KRS 139.195(6), 139.200

• Detailed telecommunications billing service	X		KRS 139.195(9), 139.200
• Directory assistance	X		KRS 139.195(10), 139.200
• Vertical service	X		KRS 139.195(31), 139.200
• Voice mail service	X		KRS 139.195(32), 139.200
Telecommunications (Indicate how the options are treated in your state)	Taxable	Exempt	Statute/Rule Cite
• Intrastate Telecommunications Service	X		KRS 139.195(15), 139.200
• Interstate Telecommunications Service	X		KRS 139.195(15), 139.200
• International Telecommunications Service	X		KRS 139.195(14), 139.200
• International 800 service	X		KRS 139.195(33), 139.200
• International 900 service	X		KRS 139.195(34), 139.200
• International fixed wireless service	X		KRS 139.195(12), 139.200
• International mobile wireless service	X		KRS 139.195(18), 139.200
• International paging service	X		KRS 139.195(19), 139.200
• International prepaid calling service	X		KRS 139.195(23), 139.200
• International prepaid wireless calling service	X		KRS 139.195(24), 139.200
• International private communications service	X		KRS 139.195(25), 139.200
• International value-added non-voice data service	X		KRS 139.195(30), 139.200
• International residential telecommunications service	X		N/A
• Interstate 800 service	X		KRS 139.195(33), 139.200
• Interstate 900 service	X		KRS 139.195(34), 139.200
• Interstate fixed wireless service	X		KRS 139.195(12), 139.200
• Interstate mobile wireless service	X		KRS 139.195(18), 139.200
• Interstate paging service	X		KRS 139.195(19), 139.200
• Interstate prepaid calling service	X		KRS 139.195(23), 139.200
• Interstate prepaid wireless calling service	X		KRS 139.195(24), 139.200
• Interstate private communications service	X		KRS 139.195(25), 139.200
• Interstate value-added non-voice data service	X		KRS 139.195(30), 139.200
• Interstate residential telecommunications service	X		N/A
• Intrastate 800 service	X		KRS 139.195(33), 139.200
• Intrastate 900 service	X		KRS 139.195(34), 139.200
• Intrastate fixed wireless service	X		KRS 139.195(12), 139.200
• Intrastate mobile wireless service	X		KRS 139.195(18), 139.200
• Intrastate paging service	X		KRS 139.195(19), 139.200
• Intrastate prepaid calling service	X		KRS 139.195(23), 139.200
• Intrastate prepaid wireless calling service	X		KRS 139.195(24), 139.200
• Intrastate private communications service	X		KRS 139.195(25), 139.200
• Intrastate value-added non-voice data service	X		KRS 139.195(30), 139.200
• Intrastate residential telecommunications service	X		N/A
• Coin-operated telephone service		X	N/A
• Pay telephone service		X	KRS 139.195(20), 139.200

• Local Service as defined by _____(state)	X		N/A